powers vested with/delegated to them under the Essential Commodities Act, 1955 to bring out hoarded stock of these items in the open market to ensure their availability to the common people at reasonable prices.

Reduction in customs duty

784. SHRI SITARAM YECHURY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government reduced customs duty on several items including cement, capital goods, project imports etc. to contain the inflation;

(b) if so, the rationale behind and impact of the decision on inflation;

(c) whether there will be any adverse effect on domestic producers and on employment; and

(d) what will be the potential revenue loss to Government resultant to this decision?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) In January, 2007, Government had reduced customs duty on many industrial raw materials, cement, capital goods and project imports, with a view to reduce costs of investment and production, and to have some check on prices. Import duty on edible oils was also reduced as the domestic prices have been reigning high.

(c) Customs duty reduction on basic raw materials, inputs and capital goods is expected to reduce costs of production, and promote investment. As the domestic industry will still have some protection, these measures should not have any significant adverse impact on employment.

(d) Revenue loss on account of customs duty reductions in January, 2007 is estimated at about Rs. 4,000 crore in a full year, at the current level of imports.

Re-phasing of farmers' loans by banks

785. SHRIMATI PREMA CARIAPPA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that when the production and prices of agricultural produce, are high, farmers are induced by the banks into taking loans at

very high interest rates, but when things begun to go wrong, they offer to convert the high interest and principal into fresh loans, putting the farmers into debt far in excess of the original loan amount;

(b) whether any instructions have been issued about re-phasing of loans to ease out the farmer under special rehabilitation package; and

(c) if so, the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir. While deregulating the interest rates on advances, RBI has stipulated that interest rates on advances upto Rs. 2 lakh cannot exceed the Benchmark Prime Lending Rate. Since, Kharif 2006, banks are disbursing Short Term Agricultural Credit to farmers at a rate of interest of 7% p.a.

(b) and (c) Yes, Sir. In 31 debt stressed districts in the four States of Maharashtra (06), Andhra Pradesh (16), Karnataka (06) and Kerala (03) the relief package announced for farmers provides that the entire interest on overdue loans as on 01.07.2006 will be waived such that all farmers will have no past interest burden as on that date. This will immediately make them eligible for fresh loan from the banking system. Further, the overdue loans of the farmers as on 01.07.2006 will be rescheduled over a period of 3-5 years with a one year moratorium.

Consolidation in public sector banks

786. SHRIMATI SUPRIYA SULE: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering to revive its plans for consolidation in Public Sector Banks;

(b) if so, whether he has adviced the State Bank of India to merge some of its unlisted subsidiaries with itself;

(c) whether he had earlier also considered the proposals to merge the Union Bank of India and Bank of India to form one entity;

(d) if so, whether any final decision for merger of PSU banks have been taken; and

(e) if so, the details thereof?